

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

Court File No. VLC-S-S-1810216
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

RAYMOND EDWARD MATTHEWS and DONALD DUNLOP
PLAINTIFFS

AND:

LA CAPITALE CIVIL SERVICE MUTUAL, LA CAPITALE FINANCIAL
GROUP INC., LA CAPITALE CIVIL SERVICE INSURER INC., LA
CAPITALE FINANCIAL SECURITY INSURANCE COMPANY, and
3602214 CANADA INC.
DEFENDANTS

Brought pursuant to the *Class Proceedings Act*, R.S.B.C. 1996, c. 50

SETTLEMENT DISTRIBUTION PROTOCOL

DEFINITIONS

- 1) In this Settlement Distribution Protocol, capitalized terms not otherwise defined assume their meaning from the Settlement Agreement, Notice of Civil Claim or Certification Order as may be appropriate. Additionally, the following capitalized terms are ascribed the meanings defined herein:
 - a) “**Approved Claims**” represents the total claims from each of the Personal Compensation Fund, P&L Compensation Fund, and Founding Fathers Compensation Fund, that have been approved as of the completion of the approval process described herein;

Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol

- b) **“Approved Class Member”** is an Eligible Class Member who has submitted an application for compensation and whose application for compensation has been approved;
- c) **“Certification Date”** means May 28, 2020;
- d) **“Claims Deadline”** means a date that is 90 days after the distribution of the Notice of Settlement Approval, and represents the latest date on which an application for compensation may be submitted to Class Counsel for adjudication;
- e) **“Class Compensation Fund”** refers to the amount of \$7,200,000 paid by the Defendants as part of the Settlement Amount;
- f) **“Class Counsel Fees”** are \$2,200,000 plus applicable taxes, being the sum of (i) 33% of the first \$5,000,000 of the Class Compensation Fund (\$1,650,000) and (ii) 25% of the remaining \$2,200,000 of the Class Compensation Fund (\$550,000);
- g) **“Compensation Fund”** is the Class Compensation Fund, less Class Counsel Fees and Disbursements from which Approved Payments will be distributed. The Compensation Fund is partitioned as described *infra* into (1) the **“Personal Compensation Fund”**, (2) the **“P&L Compensation Fund”**, and (3) the **“Founding Fathers Compensation Fund”**;
- h) **“Decision Deadline”** means a date that is no more than 30 days after the Claims Deadline, by which time Class Counsel shall notify all claimants of the amount which they will receive;
- i) **“Disbursements”** are the out-of-pocket expenses incurred by the Representative Plaintiffs and Merchant Law Group LLP to pursue this class action, including but not limited to expert fees, printing and photocopying

Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol

charges, courier fees, travel expenses, and court filing fees, plus applicable taxes;

- j) **“Eligible Class Member”** means only Class Members listed in Schedules “B” or “C” of the Settlement Agreement;
- k) **“Founding Fathers CPBP”** refers to Class Penncorp Business Payments paid to Eligible Class Members who had agreements with the Defendants entitling them to a specific percentage of all business written in specific offices (also known as **“Bucket 3”**, as defined in the Settlement Agreement);
- l) **“P&L CPBP”** refers to Class Penncorp Business Payments paid to Eligible Class Members flowing from their participation in one or more P&L codes (also known as **“Bucket 2”**, as defined in the Settlement Agreement);
- m) **“Personal CPBP”** refers to Class Penncorp Business Payments paid to Eligible Class Members flowing from premiums and other income derived from policies sold by the Eligible Class Member (also known as **“Bucket 1”**, as defined in the Settlement Agreement);
- n) **“Reference Period”** refers to the period of time starting on and including January 1, 2006 and ending on and including the Certification Date;
- o) **“Settlement Agreement”** means the settlement agreement executed by the Plaintiffs and Defendants and includes the recitals and schedules;
- p) **“Tenure”** refers to the total number of complete or partial years between the earliest Class Retirement Compensation Agreement to which an Eligible Class Member was privy and January 1, 2006;
- q) **“Total Founding Fathers CPBP”** refers to the sum of Founding Fathers CPBP for each Eligible Class Member;

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

- r) **“Total P&L CPBP”** refers to the sum of P&L CPBP for each Eligible Class Member;
- s) **“Total Personal CPBP”** refers to the sum of Personal CPBP for each Eligible Class Member;
- t) **“Total Weighted P&L CPBP”** refers to the sum total of the Weighted P&L CPBP for all Eligible Class Members;
- u) **“Total Weighted Personal CPBP”** refers to the sum total of the Weighted Personal CPBP for all Eligible Class Members;
- v) **“Weighted P&L CPBP”** refers to the P&L CPBP of a given Eligible Class Member multiplied by a factor calculated as 6% per year of Tenure;
- w) **“Weighted Personal CPBP”** refers to the Personal CPBP of a given Eligible Class Member multiplied by a factor calculated as 6% per year of Tenure;

DEFENDANTS TO PROVIDE DATA

- 2) To facilitate the implementation of the Settlement Distribution Protocol, the Defendants shall provide to Class Counsel the following information in respect of each Eligible Class Member, where available:
 - a) their name and, to the extent the Defendants know it, their most recent contact information;
 - b) the date of the earliest Class Retirement Compensation Agreement entered into between the Eligible Class Member and one or more of the Defendants or, where such information is not available, the date that the Class Member first received Class Penncorp Business Payments;

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

- c) the total amount of compensation paid to the Eligible Class Member during the Reference Period on account of Personal CPBP, if any;
- d) the total amount of compensation paid to the Eligible Class Member during the Reference Period on account of P&L CPBP, if any;
- e) the total amount of compensation paid to the Eligible Class Member during the Reference Period on account of Founding Fathers CPBP, if any;
- f) where applicable, the name, contact information, and proportional entitlement of any estate, beneficiary or heir of any deceased Eligible Class Member, or any other person who may be legally entitled to receive all or part of the compensation of any deceased Eligible Class Member;
and
- g) where applicable, the name, contact information, and proportional entitlement of any person who is not an Eligible Class Member but who is legally entitled, by court order, agreement, or otherwise, to receive all or a part of any compensation payable to an Eligible Class Member that is not deceased.

DETERMINATION OF WEIGHTED PROPORTIONAL SHARES

- 3) Subject to the adjustment for Tenure described *infra*, Approved Class Members will receive compensation from the Compensation Fund that is proportional to their earnings during the Reference Period as compared to the earnings of all Eligible Class Members during the Reference Period.

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

- 4) Eligible Class Members whose earliest Class Retirement Compensation Agreement commenced before January 1, 2006 shall be entitled to an inflationary multiplier of 6% per year of Tenure in respect of the valuation of their Personal CPBP and P&L CPBP, which adjusted amounts are referred to herein as the Eligible Class Members’ Weighted Personal CPBP and Weighted P&L CPBP respectively.
- 5) Eligible Class Members who received more than \$0.00 in Weighted Personal CPBP during the Reference Period will receive compensation from the Personal Compensation Fund that is proportional to their Weighted Personal CPBP relative to the Total Weighted Personal CPBP.
- 6) Eligible Class Members who received more than \$0.00 in P&L CPBP during the Reference Period will receive compensation from the P&L Compensation Fund that is proportional to their Weighted P&L CPBP relative to the Total Weighted P&L CPBP.
- 7) Eligible Class Members who received more than \$0.00 in Founding Fathers CPBP during the Reference Period will receive compensation from the Founding Fathers Compensation Fund that is proportional to their Founding Fathers CPBP relative to the Total Founding Fathers CPBP.

DETERMINATION OF COMPENSATION FUND PARTITIONS

- 8) Of the total Compensation Fund, the amount of \$3,000,000 is reserved for the payment of amounts in respect of the Founding Fathers Compensation Fund.
- 9) The value of the Personal Compensation Fund shall be calculated by multiplying the amount of the Compensation Fund (less \$3,000,000) by the quotient of the

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

Total Weighted Personal CPBP divided by the sum of the Total Weighted Personal CPBP and Total Weighted P&L CPBP.

- 10) The value of the Personal Compensation Fund shall be calculated by multiplying the amount of the Compensation Fund (less \$3,000,000) by the quotient of the Total Weighted P&L CPBP divided by the sum of the Total Weighted Personal CPBP and Total Weighted P&L CPBP.

APPLICATION FOR COMPENSATION

- 11) To receive any compensation, an Eligible Class Member must:
- a) Submit an application form, including proof of identity, in the form attached hereto, by the Claims Deadline;
 - b) Be confirmed to be an Eligible Class Member; and
 - c) Have received more than \$0.00 from the Defendants during the Reference Period, as verified by the Defendants’ records, in respect of any of Personal CPBP, P&L CPBP, or Founding Fathers CPBP.
- 12) Class Counsel shall receive and process applications for compensation on a rolling basis.
- 13) If any deficiencies in an application are noted or Class Counsel otherwise intends to deny an application, the Eligible Class Member shall have a period of 30 days in which to supply additional information. If no additional information is provided or the additional information does not satisfy Class Counsel of the legitimacy of the claim, the claim may be denied.

**Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol**

- 14) In the event of a discrepancy between the information provided by an applicant, and substantiated by authenticated documentation, with respect to payments received by said applicant from the Defendants and the information provided by the Defendants in respect of the amounts paid to an applicant during the Class Period for compensation in respect of Personal CPBP, P&L CPBP, or Founding Fathers CPBP, the Parties shall make reasonable efforts to resolve any such discrepancies between them and, if the Parties cannot agree, then the discrepancy shall be resolved in favour of the applicant.

DISTRIBUTION

- 15) In the event that, after allocations, monies remain in any of the Personal Compensation Fund, P&L Compensation Fund, or Founding Fathers Compensation Fund, these remaining funds shall be distributed proportionally among the applicable Approved Class Members.
- 16) Within 90 days of the Claims Deadline, Class Counsel shall notify all Approved Class Members of their entitlement pursuant to the settlement.
- 17) Class Members may not appeal or otherwise dispute the amount to which they are determined to be entitled to pursuant to this settlement. All decisions of Class Counsel as regards the quantum of entitlement are final.
- 18) Within 180 days of the Claims Deadline, Class Counsel shall send each Approved Class Member a cheque, to the address provided at the time of application, respecting the compensation which they have been awarded.

Schedule “A” to the Settlement Agreement made as of September 28, 2022
Settlement Distribution Protocol

- 19) Where an Approved Class Member is deceased, the compensation the deceased Approved Class Member is entitled to receive shall be paid to the estate, beneficiary or heir of the deceased Class Member, or to any other person who may be legally entitled to receive some or all of the compensation of the deceased Class Member, as the case may be, and Class Counsel shall send the person so entitled a cheque, to the address provided at the time of application, respecting the compensation which the deceased Approved Class Member has been awarded.

- 20) Where a person who is not a Class Member is legally entitled, by court order, agreement, or otherwise, to receive all or a part of the compensation payable to an Approved Class Member that is not deceased, that compensation shall be paid to that person so entitled, and Class Counsel shall send that person a cheque, to the address provided at the time of application, respecting the compensation which the deceased Approved Class Member has been awarded.